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BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP
Chairman
GARY PIERCE
Commissioner
BRENDA BURNS
Commissioner
BOB BURNS
Commissioner
SUSAN BITTER SMITH
Commissioner

Arizona Corporation Commission

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IN THE MATTER OF THE APPLICATION
OF QWEST CORPORATION DBA
CENTURYLINK FOR APPROVAL TO
MAKE CHANGES TO THE SERVICE
QUALITY PLAN TARIFF.

DOCKET NO. T-01051B-13-0199

DECISION NO. 74208ORDER

Open Meeting
November 13 and 14, 2013
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On June 18, 2013, Qwest Corporation d/b/a CenturyLink QC ("Qwest") filed revisions to its Service Quality Plan Tariff ("SQPT" or "Plan"). The filing seeks to revise a SQPT first approved by the Commission in Decision No. 59147 dated July 14, 1995 and subsequently addressed in Decision No. 59421 (1995), Decision No. 62672 (2000) and Decision No. 68604 (2006). Qwest states that it proposes to "eliminate the retail service quality standards, penalties, remedies and reporting requirements of the tariff." Qwest is an incumbent local exchange carrier ("ILEC").

2. The Plan contains quality standards, reporting requirements and penalties/offsets that apply to the provision of retail telecommunications service in all of Qwest's Arizona wire centers. A requirement contained in all of the Decisions that approve competitive local exchange carrier Certificates of Convenience and Necessity (CC&Ns) is that the CLEC abide by the quality

1 of service standards that were approved by the Commission for Qwest (fka USWC) in Docket No.
2 T-01051B-93-0183 (Decision No. 59421). However, the CLECs were not subject to the
3 penalties/offsets applicable to Qwest. The penalties/offsets were developed and initiated for
4 Qwest because of problems and complaints with Qwest's level of service. The CLECs did not
5 have a similar history of service quality problems. Thus, while the CLECs were subject to the
6 same retail service quality standards as Qwest, Staff has not recommend, nor has the Commission
7 ever ordered that those penalties/offsets apply to any CLEC.

8 3. Qwest's retail services were classified as competitive, with conditions, in Decision
9 No. 73354, dated August 21, 2012. In a competitive market, the ILEC generally has no market
10 power and is forced to provide a satisfactory level of service or risk losing its customers.

11 4. The Plan contains the standards that apply to different components of telephone
12 service. If Qwest does not meet the minimum service quality standard, a penalty applies
13 depending upon the extent to which it has failed to meet the standard. Alternatively, Qwest is
14 given penalty offsets if it exceeds the minimum standard with the credit dependent upon the extent
15 to which it exceeds the minimum standard. Offsets earned in a category may only be used to
16 reduce penalties in that same category and may not be carried over to the following year. Under
17 the terms of the Plan, penalties and offsets apply to five categories:

- 18 a. Access to Company business office for residence,
19 b. Access to Company business office for business,
20 c. Access to Company repair office for business and residence,
21 d. Held orders, and
e. Out-of-service repair times.

22 5. The daily standard for residence and business customer Business Office access is
23 met if 75.01% to 85.00% of calls to the Business Office are answered within 20 seconds. If Qwest
24 does not meet the standard it is assessed a penalty and if it exceeds the standard, it is awarded an
25 offset that can be used to offset penalties that may be assessed during the plan year.

26 6. For calls to the Repair Office, the Repair Office Access daily standard is met if
27 75.01% to 85% of calls to the Repair Center are answered within 20 seconds. As with the
28 Business Office Access standard, Qwest is assessed a penalty if it does not meet the standard and it

1 is awarded penalty offsets that can be used to offset penalties that are assessed during the plan year
2 if it exceeds the standard.

3 7. Held orders are requests for service that cannot be fulfilled due, for example, to lack
4 of facilities necessary to provide service to the customer. The Plan standard for held orders is met
5 if between 0.0281% and 0.0490% of total lines are in Held Order status. Offsets are awarded if
6 less than 0.0281% of total lines are in Held Order status.

7 8. The Plan also includes a daily standard that applies to the timeliness of repairs to
8 customers' services. Under the Out of Service Repair Times standard, no penalty or offset applies
9 if 80.01% to 85% of service outages are cleared (repaired) within 24 hours. An Out of Service
10 condition occurs if "the customer's telephone service quality has deteriorated to such an extent that
11 the customer cannot originate or receive calls, or cannot use the service because of excessive
12 cross-talk or static, or other transmission problems (e.g., customer complains of no dial tone, can't
13 receive a call or can't hear during a call)."¹ Penalties apply if the daily percentage of services
14 repaired is 80% or less and offsets are awarded if the daily percentage exceeds 85%.

15 9. The Plan also provides for the doubling of the penalties listed above if Qwest pays a
16 penalty in a service category in one year and fails to meet the standard in consecutive years. In
17 addition, the SQPT provides for a one-time credit of \$2.00 for each residence and business access
18 line in Arizona if Qwest fails to meet the standard in consecutive years. The Company does have
19 the opportunity to demonstrate to the Commission that circumstances at the time do not support
20 the doubling of the penalties.

21 10. In addition to those standards that have specific penalties/offsets associated with
22 them, the Plan requires Qwest to provide credits to customers and services to end users. For
23 example, in the event the customer's service is interrupted and remains out-of-service for more
24 than 8 continuous hours, the customer is to receive a credit equal to 1/30 of the basic monthly
25 service charges. The SQPT further states that if a customer's service is interrupted for more than
26 48 hours, the customer is to be credited 7/30th of the monthly service charge for the service that is

27
28 ¹ Service Quality Plan Tariff definitions section.

1 interrupted and an additional 7/30th of the monthly service charge for each subsequent day that
2 service is continuously interrupted.

3 11. The Plan also contains provisions related to the service installation appointments.
4 If Qwest misses a service installation appointment, the Plan requires that a residence customer be
5 given a credit of \$16.00 and business customers are to receive a \$19.00 credit.

6 12. In those instances that Qwest does not provide basic local exchange service within
7 5 days of a customer's request for service (hold order), Qwest is required to provide a customer
8 with:

- 9 • A telephone number,
- 10 • A Market Expansion Line (Remote Call Forwarding line),
- 11 • A directory listing,
- 12 • A calling card, and
- 12 • A waiver of the one-time installation charge for the basic local exchange line when
initial service is established.

13 13. If basic local exchange service is not provided within thirty (30) days of the
14 customer's application date or by the customer's requested service date, the Company will also
15 provide the customer a choice of:

- 16 • A credit equal to one month of the basic local exchange service for each month or
17 partial month service was not provided beyond the thirty (30) day timeframe, or
- 18 • A cellular service voucher in the amount of one hundred fifty dollars (\$150.00) for
each month or partial month service was not provided beyond the thirty (30) day
timeframe), or
- 19 • Voice messaging, or other answering service or device, or
- 20 • Paging service.

21 **STAFF REVIEW OF SERVICE QUALITY REPORTS AND RECOMMENDATIONS**

22 **Office Access**

23 14. Staff has reviewed Quality of Service Reports and supplemental information for
24 January 2010 through July 2013 which was provided in response to Staff Data Requests. In
25 addition, Staff has reviewed the Qwest Service Quality Reports that have been filed since 2007 and
26 information provided by the Consumer Services Section. However, because the parameters
27 associated with the service quality standards have changed over time, the Staff analysis is based
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1 primarily on the information that has been submitted for the period beginning with the first quarter
2 of 2010.

3 15. The results for business office access for residence customers (Standard 1 listed
4 above) indicate that the standard has been met or exceeded in every month since January 2010. In
5 addition, the business and residence repair offices access requirement (Standard 3: calls answered
6 in less than 20 seconds) has also been met or exceeded in every month from January 2010 through
7 July 2013. However, the results indicate that business office access for business customers
8 (Standard 2) has not met the standard in 2 months so far in 2013 and was not met in 3 months in
9 2010. Because Qwest exceeded or met the standard for business office access for business
10 customers in the other nine months in 2010, it did not pay a penalty for this category. In addition,
11 because Qwest met or exceeded the standard for this category in 2011 and 2012, no penalty was
12 assessed.

13 16. Qwest no longer has state-specific call centers to respond to customer calls and it is
14 likely that Qwest will continue to meet or exceed the standard for Arizona since call center service
15 quality affects more than solely Arizona customers. Staff recommends that the penalties
16 associated with these standards be eliminated, and that the Commission forgo application of the
17 penalties on and after July 1, 2013, which is approximately two weeks after Qwest filed its
18 Application in this matter. However, Staff recommends that Qwest be required to continue to
19 collect the information necessary to determine whether it continues to meet the standards for
20 Access to Company business office for residence, Access to Company business office for business,
21 and Access to Company repair office for business and residence, to determine the offsets or
22 penalties that would have applied if they were still in place and to provide this information to the
23 Commission annually for a period of five years.

24 **Held orders**

25 17. A held order is an application for establishment of any service in Qwest's service
26 territory, which is not filled because of the inability of the Company to supply service in 10
27 working days after the date of the customer's application. When the customer requests a later
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1 service date (beyond the ten working days), the application shall be considered a held service order
2 after that customer-requested date.

3 18. During its review of the held order monthly statistics, Staff noticed that there
4 seemed to be an increase in the number of held orders even though Qwest has met the service
5 quality standard. The increase, while relatively small, suggests continued monitoring. Staff
6 recommends that Qwest continue to collect the monthly data necessary for compile the results, to
7 determine the offsets or penalties that would have applied if they were still in place and to provide
8 this information to the Commission annually for a period of five years. Finally, because Held
9 Orders result from Qwest's inability to provide service in a timely manner which leaves the
10 applicant with no telephone service, Staff believes that Qwest should continue to be required to
11 provide credits for cell phones, etc. for held orders. Staff recommends, however, that the credits,
12 etc. be limited to the first line at a location that the customer orders.

13 **Out-of-Service Repair Times**

14 19. The Out of Service Repair Times standard is based on the timeliness of repairs to
15 customers' services. Under the Out of Service Repair Times standard, no penalty or offset applies
16 if 80.01% to 85% of service outages are cleared (repaired) within 24 hours.

17 20. Qwest continues to have a problem with meeting or exceeding the Out of Service
18 Repair Time standard. Qwest has been assessed penalties for this category for each of the last
19 three years. For the Out of Service category, Qwest was assessed the following penalties/(credits):

<u>Year</u>	<u>Penalty/(Credit)</u>
2012	\$100,000
2011	\$6,000
2010	\$30,000
2009	(\$93,000)
2008	\$184,000
2007	(\$26,000)

21 21. The number of wire centers where the Out of Service standard was not met in 2012
22 and 2013 increased. In addition, it was evident that more of the wire centers that did not meet the
23 standard were located in the Phoenix Metropolitan Area.
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22. Staff recommends that the penalties associated with these standards be eliminated, and that the Commission forgo application of the penalties on or after July 1, 2013, which is approximately two weeks after Qwest filed its Application in this matter. Staff also recommends that Qwest be required to continue to collect the data necessary to compile the results and compute the results, to determine the offsets or penalties that would have applied if they were still in place and to provide this information to the Commission annually for a period of five years.

SUMMARY OF THE RECOMMENDATIONS

23. In support of its request to amend the SQPT, Qwest states, "There is no need to continue these monopoly era requirements in an environment where a majority of voice customers have already elected to receive service from a company that is not subject to them." Staff would note that one of the conditions that apply to CC&N granted to providers of competitive local exchange services is that the Applicant abides by the quality of service standards that were approved by the Commission for Qwest in Docket No. T-01051B-93-0183. Staff would also note that while competitive local exchange service providers are not automatically subject to the penalties contained in the Plan, they are required to meet the standards.

24. Staff recommends that Qwest's request to eliminate the penalties contained in the current SQPT be approved and that the Commission forgo application of the penalties on and after July 1, 2013. However, Staff recommends that Qwest continue to collect the monthly data necessary for compile the results, to determine the offsets or penalties that would have applied if they were still in place and to provide this information to the Commission annually for a period of five years.

25. Qwest has exceeded the standard for Held Orders every month since 2007. Therefore, it has not been subject to a penalty in this category during that time. Staff believes that Qwest should continue to be required to provide credits for cell phones, etc. for held orders. Staff recommends, however, that the credits, etc. be limited to the first line at a location that the customer orders.

26. Staff further recommends that Qwest be required to continue to gather, maintain and provide on an annual basis, the quarterly reports that it currently provides to the Commission

1 for a period of five years. Staff further recommends that Qwest file, as a compliance item in this
2 matter, a revised SQPT that conforms to the Commission's Decision within thirty days of the
3 effective date of the Decision. Finally, Staff recommends that Commission approval of the revised
4 SQPT become effective on January 1, 2014. However, Staff recommends that the Commission
5 forgo application of the penalties on and after July 1, 2013, which is approximately two weeks
6 after Qwest filed its Application in this matter.

7 CONCLUSIONS OF LAW

8 1. Qwest is an Arizona public service corporation within the meaning of Article XV,
9 Section 2 of the Arizona Constitution.

10 2. The Commission has jurisdiction over Qwest and over the subject matter of this
11 application.

12 3. The Commission having reviewed the Application and Staff's Memorandum dated
13 October 30, 2013, concludes that approval of the proposed tariff, if amended as recommended by
14 Staff, is reasonable, fair and equitable and therefore in the public interest.

15 ORDER

16 IT IS THEREFORE ORDERED that the tariff filing, amended as recommended by Staff,
17 be and hereby is approved, effective January 1, 2014.

18 IT IS FURTHER ORDERED that Qwest file, as a compliance item in this matter, a revised
19 Service Quality Plan Tariff that conforms to this Decision within thirty days of the effective date
20 of the Decision.

21 IT IS FURTHER ORDERED that the Commission shall forgo application of the penalties
22 on and after July 1, 2013.

23 IT IS FURTHER ORDERED that Qwest shall file annual reports with the Commission
24 with the information discussed above regarding its performance for a period of five years from the
25 effective date of its tariff.

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1 IT IS FURTHER ORDERED that Qwest shall continue to provide credits for held orders as
2 described in Finding of Fact No. 25, until further order of the Commission.


3 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

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5 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

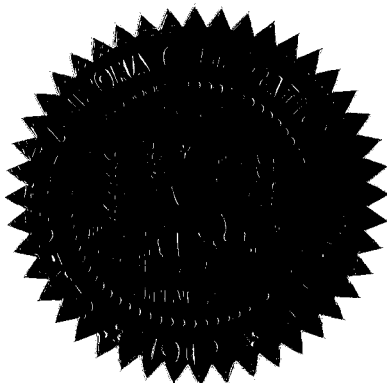
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CHAIRMAN

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COMMISSIONER

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COMMISSIONER

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COMMISSIONER

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COMMISSIONER



IN WITNESS WHEREOF, I, JODI JERICH, Executive
Director of the Arizona Corporation Commission, have
hereunto, set my hand and caused the official seal of this
Commission to be affixed at the Capitol, in the City of
Phoenix, this 3rd day of December, 2013.

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JODI JERICH
EXECUTIVE DIRECTOR

20 DISSENT: _____

21 DISSENT: _____

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